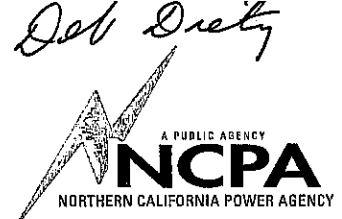


August 10, 2004

Mr. Jim Keselburg
Regional Manager
Sierra Nevada Region
Western Area Power Administration
114 Parkshore Drive
Folsom, CA 95630



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180 Cirby Way
Roseville, CA 95678

(916) 781-3636

www.ncpa.com

Subject: Comments on Notice of Proposed Power, Transmission, and Ancillary Services Rates, Federal Register Notice, May 12, 2004.

Dear Jim:

The Northern California Power Agency (NCPA) represents multiple members of the public power community that provide retail electric utility distribution services, that own generation resources, and/or are customers of the Western Area Power Administration. NCPA's members are: The Cities of Alameda, Biggs, Gridley, Lodi, Redding, Lompoc, Healdsburg, Ukiah, Palo Alto, and Roseville, Santa Clara along with Turlock Irrigation District, the Bay Area Rapid Transit District, Placer County Water Agency, Truckee-Donner Public Utility District, the Lassen Public Utility District, the Plumas-Sierra Rural Electric Cooperative, and the Port of Oakland. Most of NCPA's members are or, starting 2005, will be Western Area Power Administration - Sierra Nevada Region (Western) customers. Such customers comprise entities that are both "directly connected" to Western's transmission grid as well as those that receive Western energy through a combination of Western and Pacific Gas and Electric Company facilities under California Independent System Operator control. NCPA appreciates the opportunity to submit comments to Western regarding its current rate proposals.

NCPA's comments are threefold:

- 1) Immediate needs: While Western and other Central Valley Project (CVP) customers have been attempting to clarify many of the current rate related issues, there is still an incomplete picture of how the proposed rates fully recover cost associated with Western's anticipated provision of existing and new services, including the development and implementation of the Western sub-control area. Due to the many overlapping complexities of these matters and the magnitude of the dollars involved, NCPA recommends that Western consider extending the customer comment period up to 30 days so that Western, sub-control area customers, and non direct connect customers have time to assess and address the ramifications of Western's rate proposal as more information becomes available regarding the impacts of the Western sub-control area and how the many changes Western must implement will affect Western's cost and rate structures. NCPA explicitly notes that any additional time Western allows for its customers to comment on its rate proposal should in no way impair or reduce Western's effort

Mr. Jim Keselburg

August 10, 2004


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to implement needed operational infrastructure and protocols that are required for the start up of the Western sub-control area.

- 2) Short term needs: NCPA recommends that Western initiate a process involving Western customers to explore the longer-range objectives, goals and alternatives that may contribute to the common interest of all its customers. While day to day events seem to consume much time and energy, a united, long term effort to find additional ways to enhance the Western sub-control area; to ameliorate the uncertainty and ambiguities associated with the termination of 2947A, 2948A and related contracts; to assess and promote the ability to dynamically schedule non direct connect load within the Western sub-control area; to investigate ways to develop a "grid best" structure with regard to Western and all its customers; and to explore mechanisms to assure needed future capital expenditures for transmission and power supply are provided in a timely manner. This Western/customer group should consist of key principals from Western and Western customer classes; this group should be established prior to the end of 2004 and meet regularly on an ongoing basis.
- 3) Long term planning needs: Western should aggressively pursue alternatives to continue the development of the Federal transmission system to provide comparable transmission service to all preference power customers.

NCPA appreciates Western's consideration of these comments and its dedication to equitably address these issues as it finalizes its post 2004 rates. Please feel free to call me with any questions.

Sincerely yours,


JAMES H. POPE,
General Manager,
Northern California Power Agency

tlh/dd/JP

6.54

cc: Debbie R. Dietz,
Rates Manager
Sierra Nevada Customer Service Region
Utility Directors
Don Dame
Murray Grande
Jane Cirrincione
Jim Whalen